

December 26, 2009

Attn: Jennifer L. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20511

Re: Proposed Changes to Closed-End Mortgage Rules (Docket No. R-1366)

To Whom It May Concern:

I am writing to express my strong opposition to guideline changes limiting the incentive compensation of those involved in the loan origination process, whether they be third party providers or direct employees of lending institutions.

Existing guidelines and legislation with regard to predatory lending already address, with profound strength, bad actors within the lending industry inclined to abuse borrowers for financial gain, or to deprive credit to any protected class or community. Such activity is already illegal, and I support fully the vigorous enforcement of these existing safeguards.

Some have alleged that incentive compensation to loan originators drives higher risk by creating a financial disincentive to decline a poor credit risk borrower. This is simply not accurate. Under the existing framework, originators rarely, if ever, are in a position to influence the approval or declination of a borrower for any reason. Underwriting guidelines, with codes of conduct rigorously adhered too; simply make it impossible for this to occur lawfully.

Again, in those instances where unlawful pressure is applied to the underwriting process, there are existing legislative penalties in place providing ample opportunities to prosecute bad actors.

With regard to the effect on housing in general, please consider the following: Loan origination is exceptionally difficult, with incredible detail requiring an exceptional depth of product and guideline knowledge to properly structure financing needs to individual consumers. Eliminating incentive compensation will simply remove any motivation from originators to structure difficult transactions for those deserving of home ownership. I cannot over-emphasize the detrimental effect this will have on the housing market.

Again, I strongly urge the board of Governors to weigh carefully the immense damage such an action will bring to an already beleaguered economy. ***It is not the point of sale of mortgage products that has led to this crisis.*** That blame falls, as you well know, on those responsible for creating the financial instruments designed to mask and defray ultimate risk, with the resultant creation of competitive pressures leading to the creation of high-risk products to feed that flawed framework. Loan originators did not build, design or contribute to that failed model, and limiting their compensation will in no way contribute to its repair. Any attempt to do so frankly suggests a defrayal of liability from those actually responsible.

Albert Einstein stated that compound interest has had the greatest effect on changing the face of this planet. The ability to pay over time truly marks the difference between civilization and third world poverty, and the proper implementation of it is an admirable pursuit. This board of Governors is considering action that will result in far less of the very economic activity that has proven to be the foundation of our high standard of living.

I have served as a loan originator of the mortgage industry in San Antonio, Texas for nearly 20 years. I have closed production of Millions of dollars in mortgages within our multi-cultural segments of our population. I have engaged in the highest standards of professionalism and customer focus, knowing that the "first-time homebuyer" NEEDS the assistance of the MOST EXPERIENCED Mortgage Professionals guiding them through this EXCEPTIONALLY DIFFICULT Process.

It is my informed opinion that these rules changes, if implemented, will bring irreparable harm to the housing industry and to the overall economy.

Thank you for your time. Please note I am writing as an individual; I am not representing the opinions of any employer or individual.

Sincerely,


Jean L Gandy

5429 FM 3465
Adkins, TX 78101
210.389.5034